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MEMORANDUM FOR: Deputy Director for Intelligence

SUBJECT : Evening Star Series, "The Big Soviet
Wheat Deal," Part 4 (1 November 1972)

1. Part 4 of the Star series indulges in a bit of cost-benefit analysis in order to determine the true impact of the Soviet grain deal on the US taxpayer. It concludes that "the 'greatest American farm achievement of this century' will cost the public at least \$27 million" while a similar exercise by USDA results in a net gain of \$200 million. The reason for the difference is that the Star includes broader repercussions -- the costs of the shipping subsidy and rising bread and flour prices -- compared with USDA's more limited definition of costs which includes only the wheat export subsidy.

2. The article concludes by quoting press reports that "eight Soviet ships are now unloading flour in Chinese ports for eventual shipment to North Vietnam." OER previously estimated that if the first shipments of US wheat had been milled into flour immediately in the USSR and then shipped to North Vietnam via China, they could not have arrived before 9 October. However, there is no way of determining the origin of such flour. The Soviet Union has sent wheat flour to North Vietnam for at least the last ten years. In 1971, for example, this trade amounted to about 300,000 tons.

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Director
Economic Research

Attachment:

Washington Star Article
"The Big Wheat Deal--4"


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